

Central Maine Power Company RETURN ON EQUITY MODELS

(Before Flotation Cost Adjustment of 3.0% or 10 Basis Points)

Annual DCF

Peer Group	<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Average</u>	<u>Median</u>
Electric Utilities	7.04%	8.47%	9.91%	8.69%	8.65%
Natural Gas Utilities	7.06%	8.44%	9.83%	8.58%	8.54%
Water Utilities	6.80%	9.30%	11.79%	10.28%	10.54%

Recommended Range for CMP

<u>Low</u>	<u>Mid</u>	<u>High</u>
7.85%	8.57%	9.30%
7.95%	8.67%	9.40%

Before Flotation Costs

+ 0. 10% for Flotation Costs

WACC For CMP with Reconciliation

	<u>\$000's</u>	<u>Proportion</u>	<u>Cost</u>	<u>WACC</u>	<u>WACC</u> Pre-Tax*
Long-Term Debt	316,053.0	44.70%	6.47%	2.89%	2.89%
Short-Term Debt	25,000.0	3.54%	3.30%	0.12%	0.12%
Preferred Equity	35,571.0	5.03%	4.60%	0.23%	0.39%

Common Equity	330,435.0	46.73%	8.00%	3.74%	6.32%
Total	707,059.0	100.00%		6.98%	9.72%

WACC For CMP without Reconciliation

	<u>\$000's</u>	<u>Proportion</u>	<u>Cost</u>	<u>WACC</u>	Pre-Tax* <u>WACC</u>
Long-Term Debt	316,053.0	44.70%	6.47%	2.89%	2.89%
Short-Term Debt	25,000.0	3.54%	3.30%	0.12%	0.12%
Preferred Equity	35,571.0	5.03%	4.60%	0.23%	0.39%
Common Equity	330,435.0	46.73%	8.65%	4.04%	6.83%
Total	707,059.0	100.00%		7.28%	10.23%

*Effective Tax Rate is: **40.80%**